



# Colorado Legislative Council Staff

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## MEMORANDUM

January 6, 2015

**TO:** Capital Development Committee

**FROM:** Kori Donaldson, Principal Research Analyst, 303-866-4976

**SUBJECT:** FY 2015-16 Capital Construction Requests and Projected Available Revenue

### Summary

This memorandum provides an overview of projected revenue available in FY 2015-16 for capital construction and controlled maintenance projects. It also summarizes the capital construction requests for FY 2015-16. Table 2 provides an overview of projected revenue versus requests for capital projects in FY 2015-16. Table 2 shows a \$337.8 million revenue shortfall to fund all capital requests.

### Revenue

As of January 2, 2015, there is projected to be about \$2.0 million available for FY 2015-16 capital construction projects from the Capital Construction Fund (CCF). Of this amount, \$0.9 million comes from the uncommitted fund balance from prior fiscal years. Additional funds come from projected CCF interest earnings in FY 2014-15. In addition, there is projected to be about \$1.0 million available from unspent interest earnings on the Controlled Maintenance Trust Fund. In a January 2, 2015, letter to the Capital Development Committee (CDC), the Governor's Office of State Planning and Budgeting (OSPB) recommended a FY 2015-16 General Fund transfer of \$268.2 million to fund capital and information technology projects for FY 2015-16. Once this number is adjusted to exclude certain ongoing certificates of participation payments, information technology requests under consideration by the Joint Technology Committee, and technical adjustments, the FY 2015-16 General Fund transfer amount required to fully fund the capital projects recommended by OSPB is \$169.1 million.

### Requests

**State-funded requests.** As of January 2, 2015, there are 48 state-funded capital construction requests for FY 2015-16, including 24 from state departments and 24 from higher education institutions. In addition, there are 102 state-funded controlled maintenance projects requested for funding. Table 1, beginning on the next page, lists the number of projects, by type, and the associated total request amounts. The totals reflected in Table 1 do not include three annual certificates of participation (COP) lease payments for completed projects. The CDC determined

at its October 2, 2014, meeting that ongoing annual lease payments for completed projects should be reviewed by the Joint Budget Committee (JBC) for possible inclusion in the operating budget. The JBC is weighing the implications of this proposed budgetary change.

**Table 1**  
**FY 2015-16 State-Funded Capital Construction Requests**

<b>Project Type</b>	<b>Number of Projects</b>	<b>Amount (in millions)</b>
Capital renewal projects	5	\$59.0
COP payments ( <i>ongoing projects only</i> )	1	\$0.8
Higher education projects	22	\$295.4
State department projects	20	\$85.4
<b>Subtotal: Capital Construction</b>	<b>48</b>	<b>\$440.6</b>
Controlled maintenance, level 1	26	\$19.4
Controlled maintenance, level 2	41	\$31.7
Controlled maintenance, level 3	35	\$19.2
<b>Subtotal: Controlled Maintenance</b>	<b>102</b>	<b>\$70.3</b>
<b>Grand Total: Capital Construction and Controlled Maintenance</b>	<b>150</b>	<b>\$510.9</b>

Source: Legislative Council Staff

In a letter dated January 2, 2015, OSPB recommended funding 26 state-funded projects for FY 2015-16, including 3 certificates of participation (COP) payments, the Level 1 Controlled Maintenance request (\$19.4 million), 7 continuation projects, 14 new state projects, and 1 new higher education project. In addition, OSPB recommended funding for ten information technology projects. A General Fund transfer of \$268.2 million is required in order to fully fund the OSPB recommendation.

The full list of projects recommended for funding by OSPB will not be considered by the CDC. As noted earlier, three ongoing certificates of participation annual lease payments have been referred to the JBC for possible inclusion in the operating budget. However, one payment for an ongoing project was recommended by OSPB to the JBC for inclusion in the operating budget, but the request will be considered by the CDC because the facility financed by the payment is still under construction. Of the ten state-funded information technology projects recommended by OSPB, nine will be considered by the Joint Technology Committee. The remaining project was referred to the CDC by the Joint Technology Committee pursuant to Joint Rule 45 because it was determined that the project better fits the definition of capital construction.

**Cash-funded requests.** In addition to the 48 state-funded projects and 102 state-funded controlled maintenance projects requested for FY 2015-16, there are 9 cash-funded requests. Higher education cash-funded requests are submitted separately, and are not calculated in the FY 2015-16 total cash-funded request amounts. The total cash funds requested for all projects is \$217.8 million. The total cash funds request amount for projects funded solely from cash sources, excluding the cash component of the various state-funded requests, is \$27.7 million.

More specific information about any of the state- or cash-funded requests is available upon request to Legislative Council Staff.

**Table 2**  
**FY 2015-16 Capital Construction Fund (CCF) Revenue**  
**and State-Funded Capital Requests**

<b>REVENUE</b>	
<i>CCF Balance – July 1, 2014</i>	<b>\$916,000</b>
Projected FY 2014-15 CCF interest	1,100,000
Projected FY 2014-15 CMTF interest (includes prior year unspent interest earnings)	1,000,000
Recommended FY 2015-16 General Fund Transfer (adjusted to reflect projects under consideration by the CDC)	170,088,149
<i>Projected CCF Balance (Includes Available CMTF) – July 1, 2015</i>	<b>\$173,104,149</b>
<b>REQUESTS</b>	
<b>State Departments</b>	
<i>Department of Public Safety COP Payment</i>	759,315
<i>Capital Renewal Requests</i>	31,889,396
<i>Regular Capital Requests</i>	85,440,043
<b>Subtotal - State Department Projects</b>	<b>\$118,088,754</b>
<b>Higher Education</b>	
<i>Capital Renewal Requests</i>	27,116,685
<i>Regular Capital Requests</i>	295,372,798
<b>Subtotal - Higher Education Projects</b>	<b>\$322,489,483</b>
<b>Controlled Maintenance</b> <i>(state departments and higher education institutions)</i>	
<i>Level 1 (26 projects)</i>	19,445,703
<i>Level 2 (41 projects)</i>	31,692,939
<i>Level 3 (35 projects)</i>	19,232,032
<b>Subtotal - Controlled Maintenance Projects</b>	<b>\$70,370,674</b>
<b>TOTAL - Requests</b>	<b>\$510,948,911</b>
<b>SURPLUS / (SHORTFALL)</b>	<b>(\$337,844,762)</b>

Source: Legislative Council Staff